

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

In re NINE WEST HOLDINGS, INC. et al.  
Debtors

Case No. 18-10947 (SCC)


Reporting Period: 1/1/19 - 2/2/19

Federal Tax I.D. # 22-3497645

CORPORATE MONTHLY OPERATING REPORT

REQUIRED DOCUMENTS	FORM NO.	DOCUMENT ATTACHED	EXPLANATION ATTACHED
Schedule of Cash Receipts and Disbursements	MOR-1	Yes	No
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1 (CONT)	Yes	No
Copies of bank statements			
Cash disbursements journals			
Statement of Operations	MOR-2	Yes	No
Balance Sheet	MOR-3	Yes	No
Status of Post-petition Taxes	MOR-4	Yes	No
Copies of IRS Form 6123 or payment receipt			
Copies of tax returns filed during reporting period			
Summary of Unpaid Accounts Payable	MOR-4	Yes	No
Listing of Aged Accounts Payable			
Accounts Receivable Reconciliation and Aging	MOR-5	Yes	No
Payments to Insiders and Professional	MOR-6	Yes	No
Post Petition Status of Secured Notes	MOR-6	Yes	No
Debtor Questionnaire	MOR-7	Yes	No

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

  
\_\_\_\_\_  
Signature of Authorized Individual

Ralph Schipani  
\_\_\_\_\_  
Printed Name of Authorized Individual

February 28, 2019  
\_\_\_\_\_  
Date

Interim CEO  
\_\_\_\_\_  
Title

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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**LISTING OF DEBTOR ENTITIES & NOTES TO THE MONTHLY OPERATING REPORT**

**GENERAL:**

The report includes activity from the following Debtors and related case numbers

Debtor	Case Number
Jasper Parent LLC	18-10948
Nine West Holdings, Inc.	18-10947
One Jeanswear Group Inc.	18-10958
Nine West Management Service LLC	18-10957
Nine West Distribution LLC	18-10954
Nine West Development LLC	18-10953
Nine West Jeanswear Holding LLC	18-10956
Nine West Apparel Holdings LLC	18-10951
Kasper Group LLC	18-10949
US KIC Top Hat LLC	18-10959
Kasper US Blocker LLC	18-10950

**General Notes:**

On April 6, 2018 (the "Petition Date"), each of the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). The Debtors' chapter 11 cases are jointly administered for procedural purposes only under Nine West Holdings, Inc. No. 18-10947 (SCC) (S.D.N.Y.) pursuant to an order entered by the Bankruptcy Court on April 6, 2018 [Docket No. 3]. On April 19, 2018, the United States Trustee for Region 2 (the "U.S. Trustee") appointed an official committee of unsecured creditors pursuant to section 1102(a) of the Bankruptcy Code [Docket No. 126, 130]. The Debtors continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

The financial information has been derived from the books and records of the Debtors. This information, however, has not been subject to certain procedures that would typically be applied to financial information in accordance with U.S. GAAP, and upon application of such procedures, the Debtors believe that the financial information could be subject to changes, which could be material. The information furnished in this report includes primarily normal recurring adjustments, but does not include all adjustments that would typically be made for financial statements prepared in accordance with U.S. GAAP, including but not limited to, adjustments for income tax provisions and related deferred tax asset and liability accounts and certain other asset and liability accounts.

The Debtors reserve all rights to amend or supplement this Monthly Operating Report in all respects, as may be necessary or appropriate. Nothing contained in this Monthly Operating Report shall constitute a waiver of any of the Debtors' rights or an admission with respect to their chapter 11 cases.

The Debtors are filing their consolidated Monthly Operating Report solely for the purposes of complying with the monthly operating reporting requirements applicable in the Debtors' chapter 11 cases. The financial and supplemental information contained herein is presented on a preliminary and unaudited basis, remains subject to future adjustments and may not comply in all material respects with generally accepted accounting principles in the United States of America ("U.S. GAAP"). This Monthly Operating Report should not be relied on by any persons for information relating to current or future financial conditions, events, or performance of any of the Debtors or their affiliates. Financial information presented in this Monthly Operating Report reflects results for Nine West Holdings, Inc.

The results of operations contained herein are not necessarily indicative of results that may be expected for any other period or for the full year and may not necessarily reflect the combined results of operations and financial position of the Debtors in the future.

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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Case No. 18-10947 (SCC)

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Federal Tax I.D. # 22-3497645

**NOTES TO THE MONTHLY OPERATING REPORT**

**Notes to MOR-1:**

Nine West Holdings Inc. makes disbursement on behalf of other Debtor entities. The above represents the disbursements made on behalf of each affiliated Debtor.

**Notes to MOR-2 & MOR-3:**

The information contained in MOR-2 & MOR-3 is provided to fulfill the requirements of the Office of the United States Trustee. All information contained in MOR-2 and MOR-3 is preliminary, unaudited and subject to future adjustment based on the Company's year end audit.

**Notes to MOR-4:**

The Debtors have received approval to pay prepetition tax and fee obligations, including, without limitation, sales, use and excise taxes, franchise taxes, real and property taxes, income taxes, and certain other taxes due in the normal course of business through certain First Day Motions. As such, the applicable taxes had been paid when due except for amounts that are in dispute, if any.

The tax roll-forward only reflects the payment of post-petition taxes. Due to the volume of transactions related to tax returns and payments, these items will be made available upon request.

The Debtors are current on post-petition payables, taking into consideration pending credits and adjustments and disputes that arise in the ordinary course of business.

**Notes to MOR-5:**

The Debtors reconcile and age individual customer accounts receivables in the normal course of the Debtors' operations.

**Notes to MOR-6:**

Of the total disbursements shown in the Schedule of Cash Receipts and Disbursements (MOR-1), approximately \$7.4m of payments were made to Professionals.

In re NINE WEST HOLDINGS, INC. et al.

Case No. 18-10947 (SCC)

Debtors

Reporting Period: 1/1/19 - 2/2/19

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

CASE NO.	CASE NAME	CASH RECEIPTS	CASH DISBURSEMENTS
18-10948	Jasper Parent LLC	\$ -	\$ 325
18-10947	Nine West Holdings, Inc. <sup>[1]</sup>	30,914,669	22,095,019
18-10958	One Jeanswear Group Inc.	47,293,323	60,324,101
18-10957	Nine West Management Service LLC	261,801	15,528,520
18-10954	Nine West Distribution LLC	210,453	448,011
18-10953	Nine West Development LLC	4,376,437	76,601
18-10956	Nine West Jeanswear Holding LLC	-	325
18-10951	Nine West Apparel Holdings LLC	-	325
18-10949	Kasper Group LLC	22,099,595	22,412,828
18-10959	US KIC Top Hat LLC	-	325
18-10950	Kasper US Blocker LLC	-	325
	<b>Total Debtors</b>	<b>\$ 105,156,278</b>	<b>\$ 120,886,705</b>

Notes:

<sup>[1]</sup> Nine West Holdings, Inc. cash disbursements includes the ABL paydown value for the Reporting Period of \$7.7 million.

In re NINE WEST HOLDINGS, INC. et al.

Case No. 18-10947 (SCC)

Debtors

Reporting Period: 1/1/19 - 2/2/19

**BANK ACCOUNT RECONCILIATIONS<sup>[2]</sup>**

*Balance as of 2/1/2019*

Legal Entity	Case Number	Bank/Account Description	Account Number <sup>[1]</sup>	Ending Bank Balance
Nine West Holdings Inc.	18-10947	Bank of America/Operating Account	Ending 9362	\$287,625
Nine West Holdings Inc.	18-10947	Bank of America/Disbursement - AP (via wires)	Ending 3058	\$0
Nine West Holdings Inc.	18-10947	Bank of America/Lockbox (#277512)	Ending 2882	\$536,762
Nine West Holdings Inc.	18-10947	Bank of America/Receipt - International	Ending 3598	\$100,000
Nine West Holdings Inc.	18-10947	Wells Fargo/WF Master Operating	Ending 1550	\$587,084
Nine West Holdings Inc.	18-10947	Wells Fargo/Disbursement - Payroll	Ending 4014	\$0
Nine West Holdings Inc.	18-10947	Wells Fargo/Disbursement - AP (via ACH)	Ending 6820	\$0
Nine West Holdings Inc.	18-10947	Wells Fargo/Disbursement - AP (via EDI)	Ending 6833	\$0
Nine West Holdings Inc.	18-10947	Wells Fargo/Receipts - Retail	Ending 0583	\$0
Nine West Holdings Inc.	18-10947	Wells Fargo/Disbursement - AP (via checks)	Ending 7833	\$0
Nine West Development LLC	18-10953	Wells Fargo/Disbursement - AP (via ACH, checks, EDI)	Ending 3536	\$0
Nine West Development LLC	18-10953	Wells Fargo/Receipts - Licensing	Ending 2563	\$0
Nine West Holdings Inc.	18-10947	Wells Fargo/WF Master Collections	Ending 3990	\$301,087
Nine West Holdings Inc.	18-10947	Wells Fargo/Receipt - Easy Spirit Credit Card	Ending 4094	\$0
Nine West Holdings Inc.	18-10947	Wells Fargo/Receipt - Credit Card	Ending 6185	\$40,473
Nine West Holdings Inc.	18-10947	Wells Fargo/Receipt - from International	Ending 2531	\$0
Nine West Holdings Inc.	18-10947	Citibank/Disbursement - Inventory	Ending 9196	\$1,575,774
One Jeanswear Group Inc.	18-10958	Bank of America/Indonesia Local	Ending 3015	\$87,461
Nine West Holdings, Inc.	18-10947	Wells Fargo Bank/Utilities	Ending 7746	\$179,422
Nine West Holdings, Inc.	18-10947	Wells Fargo Bank/Term Loan Account	Ending 1863	\$25,413,854

**Notes:**

<sup>[1]</sup> Last four digits of account number.

<sup>[2]</sup> Information is presented above for the 20 Corporate Bank accounts. Balances are as of February 1, 2019. Copies of Bank Statements and Cash Disbursement journals were not included with the MOR, as these items will be made available upon request.

In re NINE WEST HOLDINGS, INC. et al.,  
Debtors

Case No. 18-10947 (SCC)

Reporting Period: 1/1/19 - 2/2/19

**STATEMENT OF OPERATIONS**<sup>[1]</sup>

See attached

**Notes:**

<sup>[1]</sup> The financial statements contained in this exhibit are unaudited. While the Debtors have made every reasonable effort to ensure that these financial statements are accurate and complete based upon information that was available at the time of preparation, the subsequent receipt of information may result in material changes in the data contained in these financial statements, and inadvertent errors or omissions may exist. To the extent the Debtors discover additional information that may differ materially from the information set forth in the financial statements contained herein, the Debtors reserve all rights to amend, supplement or otherwise modify this Monthly Operating Report as they deem necessary or appropriate.

In re NINE WEST HOLDINGS, INC. et al.  
Debtors

Case No. 18-10947 (SCC)

Reporting Period: 1/1/19 - 2/2/19

**BALANCE SHEET**<sup>[1]</sup>

See attached

**Notes:**

<sup>[1]</sup> The financial statements contained in this exhibit are unaudited. While the Debtors have made every reasonable effort to ensure that these financial statements are accurate and complete based upon information that was available at the time of preparation, the subsequent receipt of information may result in material changes in the data contained in these financial statements, and inadvertent errors or omissions may exist. To the extent the Debtors discover additional information that may differ materially from the information set forth in the financial statements contained herein, the Debtors reserve all rights to amend, supplement or otherwise modify this Monthly Operating Report as they deem necessary or appropriate.

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Case No. 18-10947 (SCC)

Reporting Period: 1/1/19 - 2/2/19

**STATUS OF POST-PETITION TAXES**

	Beginning Tax	Amount Withheld and/or Accrued	Amount Paid	Ending Tax
Sales & Use Tax	\$ 92,002	\$ 107,574	\$ (90,903)	\$ 108,673
Real Property Tax	(49,191)	27,807	(9,568)	(30,952)
Personal Property Tax	8,287	7,054	(14,590)	752
Income Taxes	-	-	-	-
Other Taxes and Fees incl. NYC Rent Tax	35,149	39,938	(513)	74,573
Payroll Taxes	101,563	3,279,420	(3,263,226)	117,757
<b>Total Taxes</b>	<b>\$ 187,811</b>	<b>\$ 3,461,793</b>	<b>\$ (3,378,800)</b>	<b>\$ 270,804</b>

**SUMMARY OF UNPAID POST-PETITION DEBTS<sup>[1]</sup>**

	Number of Days Past Due				Total
	Current	0-30	31-60 <sup>[2]</sup>	61-90 <sup>[2]</sup>	
<b>Combined</b>	<b>\$ 67,709,448</b>	<b>\$ 18,253</b>	<b>\$ 20,172</b>	<b>\$ 1,017,483</b>	<b>\$ 68,765,356</b>

**Notes:**

<sup>[1]</sup> The Debtors Summary of Unpaid Post-Petition Debts includes invoices received prior to and after the petition date for post-petition merchandise and services. The invoices are aged from the date the invoices were received. The Debtors are current on post-petition payables, taking into consideration pending credits and adjustments and disputes that arise in the ordinary course of business.

<sup>[2]</sup> Invoices classified as 31-90 days past due result from inventory payables that became the responsibility of Authentic Brands Group ("ABG") upon their purchase of our Nine West/Bandolino footwear and handbag business on July 3, 2018. These payables will be paid upon receipt of reimbursements from ABG which ABG pays monthly pursuant to the terms of the Transition Services Agreement.

**In re** NINE WEST HOLDINGS, INC. et al.,  
**Debtors**

**Case No.** 18-10947 (SCC)

**Reporting Period:** 1/1/19 - 2/2/19

**ACCOUNTS RECEIVABLE RECONCILIATION AND AGING**

See attached.

In re NINE WEST HOLDINGS, INC. et al.  
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Reporting Period: 1/1/19 - 2/2/19

PAYMENTS TO INSIDERS			
Name	Type of Payment	Amount Paid	Total Paid to Date
Capiola, James	Bi-Weekly Payroll, 401K Match	\$0	\$180,865
Curione, Karen	Bi-Weekly Payroll, 401K Match	\$34,500	\$204,733
Dodderidge, Nancy M	Bi-Weekly Payroll	\$25,200	\$181,461
Fishman, Daniel	Bi-Weekly Payroll, 401K Match, Medical/Dental	\$39,615	\$414,903
Gentile, Laurie	Bi-Weekly Payroll	\$36,000	\$263,000
Gross, Jack	Bi-Weekly Payroll, Car Allowance	\$124,690	\$893,445
Lind, Patricia A	Bi-Weekly Payroll, 401K Match	\$48,000	\$345,000
Margulies, Ira	Bi-Weekly Payroll	\$39,684	\$280,649
Marks, Gregg	Bi-Weekly Payroll, 401K Match, Medical/Dental	\$74,782	\$763,920
Miller, Alan	Director Fees	\$111,520	\$191,520
Neeman, George	Bi-Weekly Payroll, 401K Match	\$24,000	\$176,007
Schipani, Ralph	Expense Reimbursement <sup>[2]</sup>	\$671	\$13,194
Tepner, Harvey	Director Fees	\$40,000	\$180,000
Troy, Stephen	Bi-Weekly Payroll, 401K Match	\$37,933	\$270,405
Total Payments To Insiders <sup>[1]</sup>		\$636,595	\$4,359,103

**Notes:**

<sup>[1]</sup> The Debtors define "insiders" to include directors and officers of the Debtor entities. The Debtors do not take any position with respect to: (a) such person's influence over the control of the Debtors; (b) the management responsibilities or functions of such individual; (c) the decision-making or corporate authority of such individual; or (d) whether such individual could successfully argue that he or she is not an "insider" under applicable law, including the federal securities laws, or with respect to any theories of liability or for any other purpose.

<sup>[2]</sup> The Company directly pays Bank of America, the Company's corporate card provider.

**PAYMENTS TO PROFESSIONALS**

PROFESSIONALS		
Name	Amount Paid During Month	Total Paid To Date
Kirkland & Ellis LLP	\$2,433,281	\$13,115,992
Lazard Freres & Co. LLC	\$130,499	\$1,828,980
Alvarez & Marsal North America, LLC	\$1,163,217	\$6,889,441
Consensus Advisory Services LLC	\$0	\$3,413,046
Prime Clerk LLC	\$7,901	\$1,417,579
Deloitte US LLP	\$367,233	\$803,425
BDO US LLP	\$52,995	\$201,582
Munger, Tolles & Olsen, LLP	\$0	\$2,970,689
Berkeley Research Group, LLC	\$483,613	\$1,837,449
Akin Gump Strauss Hauer & Feld LLP	\$2,078,092	\$15,018,829
Kasowitz Benson Torres LLP	\$0	\$1,157,026
Houlihan Lokey LLC	\$122,238	\$1,096,618
Protiviti	\$486,371	\$4,534,145
Province	\$44,497	\$397,820
Total Payments To Professionals	\$7,369,938	\$54,682,620

In re NINE WEST HOLDINGS, INC. et al.  
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Reporting Period: 1/1/19 - 2/2/19

DIP Financing (Term Loan & ABL) - Period to Date

Name of Creditor	Beginning Balance	Additional Draws	Paydowns	Ending Balance
DIP ABL Financing	\$ 72,635,490	\$ 24,374,014	\$ (7,738,488)	\$ 89,271,016
DIP FILO Financing	\$ 22,523,513	\$ -	\$ -	\$ 22,523,513
DIP Term Loan Financing	\$ 50,000,000	\$ 22,000,000	\$ -	\$ 72,000,000

Summary of the DIP Financing Draws:

As of the end of the Reporting Period, the Debtors had \$89.3 million outstanding on the DIP ABL Financing and \$22.5 million outstanding on the DIP FILO Financing and \$72.0 million in ending balance for the DIP Term Loan Financing.

In re NINE WEST HOLDINGS, INC. et al.  
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Case No. 18-10947 (SCC)

Reporting Period: 1/1/19 - 2/2/19

**DEBTOR QUESTIONNAIRE**

Must be completed each month. If the answer to any of the questions is "Yes", provide a detailed explanation of each item. Attach additional sheets if necessary.	Yes	No
Have any assets been sold or transferred outside the normal course of business this reporting period?		X
Have any funds been disbursed from any account other than a debtor in possession account this reporting period?		X
Is the Debtor delinquent in the timely filing of any post-petition tax returns?		X
Are workers compensation, general liability or other necessary insurance coverages expired or cancelled, or has the debtor received notice of expiration or cancellation of such policies?		X
Is the Debtor delinquent in paying any insurance premium payment?		X
Have any payments been made on pre-petition liabilities this reporting period?	X <sup>[1]</sup>	
Are any post petition receivables (accounts, notes or loans) due from related parties?		X
Are any post petition payroll taxes past due?		X
Are any post petition State or Federal income taxes past due?		X
Are any post petition real estate taxes past due?		X
Are any other post petition taxes past due?		X
Have any pre-petition taxes been paid during this reporting period?		X
Are any amounts owed to post petition creditors delinquent?		X
Are any wage payments past due?		X
Have any post petition loans been received by the Debtor from any party?		X
Is the Debtor delinquent in paying any U.S. Trustee fees?		X
Is the Debtor delinquent with any court ordered payments to attorneys or other professionals?		X
Have the owners or shareholders received any compensation outside of the normal course of business?		X

**Notes:**

<sup>[1]</sup> Pursuant to the relief requested under "First Day Motions" and their respective interim and final orders, certain payments have been made on prepetition obligations (e.g. employee related obligations, customer programs, sales & use taxes, lien claimant, import claimants, foreign vendors, critical vendors, and 503b9 claimants).

**NINE WEST HOLDINGS, INC., et al.,  
(Debtors-in-Possession)**

**Monthly Operating Report  
For the Period Ended February 2, 2019**

NINE WEST HOLDINGS, INC., et al.,  
(Debtors in Possession)

INDEX TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE  
(UNAUDITED)

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U.S. BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK  
NINE WEST HOLDINGS, INC., et al.,  
(Debtors in Possession)

CONDENSED CONSOLIDATED BALANCE SHEET  
(UNAUDITED)

\* PRELIMINARY \*

	February 2, 2019
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 29,209,669
Accounts receivable	147,278,381
Inventories, primarily finished goods	158,811,058
Prepaid expenses and other current assets	8,585,005
Total current assets	343,884,113
Property, plant and equipment, at cost, less accumulated depreciation and amortization	15,938,578
Right to use assets – operating leases	49,296,141
Right to use assets – finance leases	10,134,528
Intangibles, at cost, less accumulated amortization	233,594,822
Investments in non-Debtor subsidiaries	112,042,520
Due from unconsolidated affiliate	12,197,268
Other assets	16,701,062
Total assets	<u>\$ 793,789,032</u>
<b>LIABILITIES AND MEMBERS' DEFICIENCY</b>	
Current liabilities:	
Short-term borrowings	\$ 89,271,016
Current portion of long-term debt and lease obligations	99,235,416
Accounts payable	123,463,947
Due to affiliates	18,876,059
Accrued interest and facility fees	1,332,702
Accrued expenses and other current liabilities	56,596,115
Total current liabilities	388,775,255
Long-term debt	162,453,140
Operating lease liabilities	42,294,727
Finance lease liabilities	7,529,677
Deferred taxes	44,224,931
Intercompany note payable	88,042,719
Income taxes payable	632,701
Other noncurrent liabilities	15,718,287
Total liabilities not subject to compromise	749,671,437
Liabilities subject to compromise (Note 3)	1,160,451,014
Total liabilities	1,910,122,451
Members' deficiency	(1,116,333,419)
Total liabilities and deficiency	<u>\$ 793,789,032</u>

These condensed consolidated financial statements and accompanying notes do not purport to represent financial statements prepared in accordance with Generally Accepted Accounting Principles in the United States of America, nor are they intended to be fully reconciled to any financial statements otherwise prepared or distributed by the Debtors or any of the Debtors' affiliates. This information is unaudited and is subject to further review and potential adjustments. The accompanying notes are an integral part of these condensed consolidated financial statements.

U.S. BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK  
NINE WEST HOLDINGS, INC., et al.,  
(Debtors in Possession)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

\* PRELIMINARY \*

	For the Period January 1, 2019 through February 2, 2019
Net sales	\$ 69,788,845
Licensing income	<u>1,261,080</u>
Total revenues	71,049,925
Cost of goods sold	<u>50,194,863</u>
Gross profit	20,855,062
Selling, general and administrative expenses	18,261,157
Depreciation and amortization	<u>2,161,456</u>
Operating income	432,449
Pension items	14,763
Net interest expense and financing costs	<u>(4,226,845)</u>
Loss before reorganization items, benefit for income taxes and equity in earnings of affiliates	(3,779,633)
Reorganization items, net (Note 4)	<u>(13,700,645)</u>
Loss from continuing operations before benefit for income taxes and equity in earnings of affiliates	(17,480,278)
Equity in income of affiliates	<u>(423,186)</u>
Loss from continuing operations	(17,903,464)
Income from discontinued operations	<u>(5,877)</u>
Net loss	<u>\$ (17,909,341)</u>

These condensed consolidated financial statements and accompanying notes do not purport to represent financial statements prepared in accordance with Generally Accepted Accounting Principles in the United States of America, nor are they intended to be fully reconciled to any financial statements otherwise prepared or distributed by the Debtors or any of the Debtors' affiliates. This information is unaudited and is subject to further review and potential adjustments. The accompanying notes are an integral part of these condensed consolidated financial statements.

U.S. BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK  
NINE WEST HOLDINGS, INC., et al.,  
(Debtors in Possession)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

**1. BASIS OF PRESENTATION**

The accompanying condensed consolidated financial statements of the Debtors have been prepared solely for the purpose of complying with the monthly reporting requirements of the Bankruptcy Code (referred to herein as the "Monthly Operating Report"). The Monthly Operating Report is limited in scope, covers a limited time period and the schedules contained herein were not audited or reviewed by independent accountants nor are they intended to reconcile to any financial statements otherwise prepared or distributed by the Debtors or any of the Debtors' affiliates. The Debtors reserve all rights to supplement or amend any schedules contained in this Monthly Operating Report.

The information presented herein is subject to further review and potential adjustments, and has not been subject to all procedures that would typically be applied to financial information presented in accordance with Generally Accepted Accounting Principles in the United States of America ("US GAAP"), including, but not limited to, accruals, tax provision and other recurring adjustments considered necessary by management to fairly state the financial position, results of operations and cash flows for the interim period(s) presented. Furthermore, the Monthly Operating Report does not contain all disclosures that would be required for presentation with US GAAP and there can be no assurance that, from the perspective of an investor or potential investor, the Monthly Operating Report is complete. As part of their restructuring efforts, the Debtors are reviewing their assets and liabilities on an ongoing basis, including without limitation with respect to intercompany claims and obligations, and nothing contained in this Monthly Operating Report shall constitute a waiver of any of the Debtors' rights with respect to such assets, liabilities, claims and obligations that may exist.

The Debtors' condensed consolidated financial statements presented herein have been prepared on a going concern basis, which contemplates continuity of operations, realization of assets and liquidation of liabilities in the ordinary course of business. Furthermore, the condensed consolidated financial statements contained herein have been prepared following the guidance in Financial Accounting Standards Board Accounting Standards Codification 852 "Reorganizations." Consequently, certain prepetition liabilities have been reclassified as liabilities subject to compromise. Liabilities subject to compromise currently include debt obligations and amounts due to third parties for goods and services received prior to April 6, 2018 (the date of the voluntary bankruptcy petition) and may include known potential settlement claim amounts. In the future, it may also include estimates for litigation and contingent claims and claims created by the Debtors' rejection of executory contracts and unexpired leases. The Debtors continue to analyze and reconcile these amounts, and, therefore, the amounts reflected herein are current estimates and subject to change as additional analysis and decisions are completed. The Debtors' non-Debtor subsidiaries are treated as non-consolidated subsidiaries in these condensed consolidated financial statements and as such their net assets are included as "Investments in non-Debtor subsidiaries" in the balance sheet.

The Debtors caution readers not to place undue reliance upon the information contained in this Monthly Operating Report. The results herein are not necessarily indicative of results which may be expected from any other period or for the full year and may not necessarily reflect the combined results and financial position of the Debtors in the future.

These condensed consolidated financial statements and accompanying notes do not purport to represent financial statements prepared in accordance with Generally Accepted Accounting Principles in the United States of America, nor are they intended to be fully reconciled to any financial statements otherwise prepared or distributed by the Debtors or any of the Debtors' affiliates. This information is unaudited and is subject to further review and potential adjustments. The accompanying notes are an integral part of these condensed consolidated financial statements.

U.S. BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK  
NINE WEST HOLDINGS, INC., et al.,  
(Debtors in Possession)  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(UNAUDITED)

**2. CHAPTER 11 FILING**

The Debtors in the Chapter 11 cases are:

<u>Debtor</u>	<u>Case Number</u>
Nine West Holdings, Inc.	081-18-10947
Jasper Parent LLC	081-18-10948
Kasper Group LLC	081-18-10949
Kasper U.S. Blocker LLC	081-18-10950
Nine West Apparel Holdings LLC	081-18-10951
Nine West Development LLC	081-18-10953
Nine West Distribution LLC	081-18-10954
Nine West Jeanswear Holding LLC	081-18-10956
Nine West Management Service LLC	081-18-10957
One Jeanswear Group Inc.	081-18-10958
US KIC Top Hat LLC	081-18-10959

**3. LIABILITIES SUBJECT TO COMPROMISE**

Estimated liabilities subject to compromise as of February 2, 2019 consist of the following.

Accounts payable and accrued expenses	\$ 123,352,141
Accrued interest payable	31,932,873
Debt obligations	1,005,166,000
Total liabilities subject to compromise	<u>\$ 1,160,451,014</u>

**4. REORGANIZATION ITEMS, NET**

Reorganization items for continuing operations for the period January 1, 2019 through February 2, 2019 consist of the following.

Professional fees	\$ 13,098,689
U.S. Trustee fees	341,417
Employee retention expenses	95,418
Provision for rejected contracts	110,229
Loss on settlement of items subject to compromise	54,892
Total reorganization items, net	<u>\$ 13,700,645</u>

These condensed consolidated financial statements and accompanying notes do not purport to represent financial statements prepared in accordance with Generally Accepted Accounting Principles in the United States of America, nor are they intended to be fully reconciled to any financial statements otherwise prepared or distributed by the Debtors or any of the Debtors' affiliates. This information is unaudited and is subject to further review and potential adjustments. The accompanying notes are an integral part of these condensed consolidated financial statements.

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ACCOUNTS RECEIVABLE AGING SCHEDULE  
FEBRUARY 2, 2019  
(UNAUDITED)

Current accounts receivable	\$ 157,211,805
Past due:	
0 - 30 Days	31,243,759
31 - 60 Days	5,203,631
61 - 90 Days	2,177,858
91 - 120 Days	50,288
Over 120 Days	<u>20,444,444</u>
Total gross accounts receivable	<u>216,331,785</u>
Reserve for sale allowances	49,865,064
Reserve for sales discounts	2,208,864
Reserve for damages	1,867,176
Reserve for co-operative advertising	2,483,747
Reserve for credit losses	<u>12,628,553</u>
Total accounts receivable reserves	<u>69,053,404</u>
Accounts receivable, net	<u>\$ 147,278,381</u>

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